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FINANCE COMMITTEE REPORT
Wednesday, March 23, 2011

The Finance Committee, meeting as a Committee of the Whole, met at 1:20 p.m. on Wednesday, March 23, 2011, in the Louisiana Purchase Room, Claiborne Building, 1201 North Third Street, Baton Rouge, Louisiana. Committee Vice Chair Rasberry called the meeting to order.

Committee Members Present

W. Clinton Rasberry, Jr.
Scott Ballard
Maurice Durbin
Joseph Farr

Committee Members Absent

Robert Bruno
Donna Klein

Guests

Appendix A

Staff Members Present

Jim Purcell
Todd Barre
Barbara Goodson

Other Board Members Present

Maurice Durbin
Chris Gorman
Robert Levy
Mary Ellen Roy
Victor Stelly
Harold Stokes
Joseph Wiley

Review and Acceptance of Response to Act 1000 of the 2010 Regular Session by Senator Donahue

Ms. Barbara Goodson, Associate Commissioner for Finance and Administration, said Act 1000 of the 2010 Regular Session requires the Board of Regents to establish a process which requires an analysis of agency attrition with the goal of reducing positions by 5% each year for three years. Ms. Goodson said noted that 33% of higher education employees are classified, while 67% are unclassified. She also said that as of March 2011, postsecondary education had a 6.17% reduction from the baseline year of FY 2007-08.

Ms. Goodson said that Regents' staff is working cooperatively with the Department of Civil Service and have begun refining and enhancing the process of capturing and transmitting personnel data from all postsecondary education. Staff has also worked with the Division of Administration to identify positions funded 100% by external means of financing. As a result, just over 6,000 positions were removed from the postsecondary education TO in the Executive Budget. It was noted that to meet the requirements of the Act, existing data systems maintained by the Board of Regents will require upgrades and enhancements.

On motion of Regent Rasberry, seconded by Regent Stelly, the Finance Committee, meeting as a Committee of the Whole, voted unanimously to adopt the preliminary draft report in response to Act 1000 of the 2010 Regular Session by Senator Donahue and authorize the Chairman of the Board of Regents and the Commissioner of Higher Education to address any additional information needed in order to meet the required transmittal date of April 1, 2011.

Review and Acceptance of the FY 2011-2012 Funding Formula Recommendation

Mr. Todd Barre' presented the proposed funding formula distributions for FY 2011-2012 based on the executive budget released on Friday, March 11, 2011. He mentioned that during this ongoing process, many requests were made for modifications of the funding formula. He said the most requested modification was the need to simplify the formula and this could be done by aligning it with the GRAD Act. He next discussed the distribution based on cost calculation, performance funding, and steps necessary to take for further success.

Mr. Barre' continued the discussion by reviewing the 2011-2012 Executive Budget. He began by comparing the existing budget to the proposed budget and noted some large shifts in funding. Mr. Barre' next discussed the annualization of the FY 2010-2011 mid-year expenditure reduction and said this reduction is being allocated across the total State General Funds Base. He said there is a multi-step process for addressing the loss of American Recovery and Reinvestment Act (ARRA) of 2009. Mr. Barre' reviewed briefly the statutory dedications and self-generated funds.

Lastly, Mr. Barre' said the Executive Budget shows the dollars remaining for distribution to formula units after adjustments (mid-year budget reduction, ARRA funds substitution, and amount for non-formula units) are \$699,384,595.

He noted the constitutional authority of the Board of Regents in Article VII, Section 5 [D] [4] which states: "The Board of Regents is required by the Louisiana Constitution to develop a funding formula as a component of the Master Plan for Public Postsecondary Education: *At a minimum, the plan shall include a formula for equitable distribution of funds to the institutions of postsecondary education.*" He also said that the constitutional authority of the management boards in Article VIII, Section 12 says: "Appropriations for the institutions of higher education shall be made to their management boards."

Regent Ballard said the state of Tennessee has one of the best programs due to the matrix used causing far less confusion, but he noted that Louisiana will be simplifying the funding formula. He said that in 2008 higher education was funded at 100% while today the funding is 67%. He next spoke regarding the "no funding cliffs." He was concerned over the 4% cuts for some universities, for example, Southern University and A&M College. He said it seems to be very challenging but agreed that each institution must be held accountable. Regent Ballard said he felt that Dr. Ronald Mason, President, Southern University System, needs more time.

Vice Chair Raspberry said any action taken by the Board today would not change the 4% stop gap at this point, but today the Regents are responding to the recently issued Executive Budget. Regent Raspberry said higher education has less money now and does not know if the formula was designed for when the budget is shrinking. Regent Levy noted that Southern University and A&M College is not the only institution to hit the 4% stop loss. He mentioned that Louisiana State University at Alexandria and some community colleges are facing losses.

On motion of Regent Durbin, seconded by Regent Ballard, the Finance Committee, meeting as a Committee of the Whole, voted unanimously to adopt the FY 2011-2012 performance funding formula and preliminary formula distribution model as required by the State Constitution. The Board also authorizes the Chairman of the Board of Regents and the Commissioner of Higher Education to make any additional amendments to these documents as needed and keep the Board updated regarding those matters.

ADJOURNMENT

With no further business, the meeting adjourned at 1:50 p.m.

Appendix A

Guest List for March 23, 2011 for Board of Regents' Meeting

<u>NAME</u>	<u>AFFILIATION</u>
Melanie Amrhein	LOSFA
Mary Ann Coleman	LAICU
Lisa Abney	Northwestern
Barry Erwin	CABL
Randy Webb	Northwestern
Winfred Sibille	University of Louisiana System
Ronald Mason	Southern University System
Kevin Appleton	Southern University System
John Crain	Southeastern
Angela Jackson	BRCC
Derrick Manns	LCTCS
Tommy Smith	LSU
Alistair Ramsey	LSUHSC
Marty Fortner	SUSLA
James Robinson	ALFS/LSUE
Jeanne Daboval	McNeese
Jan Jackson	LCTCS
Joe May	LCTCS
Wendy Simoneaux	LSU System
Leslie LeBlanc	LSUHSC
Mike Gargano	LSU System
Larry Howell	Nicholls
Amber King	EPSCOR
Steve Guempel	LSU Eunice
Hampton Gruneald	LSU Ag Center
Mark Legendre	LSU Ag Center
Camille Conway	Blueprint LA
SuJuan Boutte	LOSFA
Meg Mahoney	BRAC
Ryan Landry	LSU BR
Philip Rozeman	BILD
Ken Rea	LA Tech
Renee Casbergue	LSU-COE
Bradly Ebersole	BRCC
Joe Moerschbaecher	LSUHSC NO
Les Guice	LA Tech
Viv Phoha	LA Tech
Ramu Ramachandran	LA Tech